

SUPPORTING STATEMENT  
FORMS RELATING TO PROCESSING DEPOSIT INSURANCE CLAIMS  
(OMB No. 3064-0143)

INTRODUCTION

The Federal Deposit Insurance Corporation (FDIC) is requesting a three-year renewal of the Forms Relating to Processing Deposit Insurance Claims (OMB No. 3064-0143). Under this information collection, information is reported to the FDIC on various forms to enable the FDIC to pay insured deposits. The current clearance for the collection expires on May 31, 2017. There is no change in the method or substance of the collection.

A. JUSTIFICATION

1. Circumstances and Need

When an insured depository institution (“IDI”) is closed by its primary regulatory authority, the FDIC has the responsibility to pay the insured deposits pursuant to Section 11(a) and (f) of the Federal Deposit Insurance Act (FDI Act), 12 U.S.C. 1821(a) and (f), and the FDIC’s regulations, “Deposit Insurance Coverage”, 12 CFR part 330, and “Recordkeeping for Timely Deposit Insurance Determination”, 12 CFR part 370. In the event that the requisite information is not available in a failed IDI’s records, the FDIC will utilize these forms, declarations and affidavits to request the necessary information from a depositor.

Generally, deposits are insured to a maximum of \$250,000. This maximum coverage is based on “ownership rights and capacities.” All deposits that are maintained in the same right and capacity are added together and insured up to \$250,000 in accordance with the regulations relating to deposit insurance of that particular deposit insurance ownership category. Deposits held in different ownership categories are eligible for \$250,000 coverage per category. For example, as a general rule, single ownership accounts are separately insured from trust accounts held for qualified beneficiaries.

At the time of an IDI’s closing, the FDIC obtains information about customer accounts from the IDI’s deposit account records. Based on the IDI’s records, the FDIC makes determinations about insurance coverage for each depositor. Depositors deemed to be uninsured because their deposits are over \$250,000 may qualify for additional insurance coverage if they can provide documentation substantiating eligibility.

- a. General Deposit Accounts. The forms, declarations, and affidavits in this collection facilitate customers providing the FDIC with the information that may permit a more comprehensive deposit insurance determination.

- b. Deposit Brokers. A failed IDI's deposit account records may not reveal the actual owner(s) of a particular deposit account. Rather, the deposit account records may indicate that the deposit was placed at the insured institution by a deposit broker on behalf of one or more third parties. In some cases, the broker's customer may not be an actual owner of the deposit but merely a "second-tier" deposit broker with its own customers. In turn, these customers could be "third-tier" deposit brokers with their own customers. Deposits held in the name of a deposit broker on behalf of clients are covered by federal deposit insurance (up to the \$250,000 limit) the same as if the broker's clients had deposited the funds directly into the insured institution (assuming that the clients are the actual owners of the deposits). This is called "pass-through" deposit insurance coverage.

In order to analyze ownership interest and provide pass-through insurance coverage, the FDIC must obtain certain information from both first- and lower-tier deposit brokers: (1) evidence that each deposit broker is not an owner but an agent or custodian with respect to some or all of the funds at issue; (2) a list of all parties for whom each deposit broker acted as agent or custodian; and (3) the dollar amount of funds held by each deposit broker for each such party as of the date of the IDI's failure.

## 2. Use of the Information Collected

- a. General Deposit Accounts. The FDIC Division of Resolutions and Receiverships uses the information collected to supplement the failed IDI's records to make determinations with respect to applying the Deposit Insurance Coverage Rules and expediting the payment of insured deposits to the depositors of failed IDIs.
- b. Deposit Brokers. For each deposit broker account, the first-tier broker provides the FDIC with the requested information about that account (i.e., the list of owners and amount of funds held for each such owner). To the extent that a deposit broker places deposits from sub-tier brokers, the lowest tier brokers provide information about their customers to the broker in the tier above them until the information reaches the first-tier broker for that account. The FDIC does not accept documentation directly from a sub-tier broker because the FDIC's records will not show them as owners of the deposits.

With the collected information, the FDIC identifies the actual owners of the deposits and the amount of each owner's interest. The FDIC then will aggregate each owner's interest with the same owner's other accounts (if any) at the same failed IDI. For each owner, this aggregate balance will be subject to the \$250,000 insurance limit.

3. Use of Technology to Reduce Burden

- a. General Deposit Accounts. The forms are available on the FDIC's external web site.
- b. Deposit Brokers. Brokers provide customer information via electronic file. In submitting customer information to the FDIC, a broker must complete certain forms ("Affidavits & Declarations"). The purpose of these forms is to assist the FDIC in determining the actual ownership of the deposit account at the failed insured depository institution. Also, these forms assist the FDIC in classifying an account. For example, the FDIC must distinguish deposits held in the "single ownership" right and capacity from deposits held in the "joint ownership" right and capacity. The forms are available on the FDIC's external website.

4. Effort to Identify Duplication

The information collected does not duplicate information existing elsewhere.

5. Minimizing the Burden on Small Entities

- a. General Deposit Accounts. The forms have been designed to minimize burden on small entities, limiting the questions to the minimum necessary to obtain sufficient information to make insurance determinations.
- b. Deposit Brokers. The FDIC must obtain the requested information from all deposit brokers in order to pay deposit insurance to depositors who are entitled to it. The burden on small deposit brokers as well as large deposit brokers is slight because the information requested by the FDIC is maintained by brokers in the usual course of business.

6. Consequence of Less Frequent Collections

The forms are required only when an IDI is closed and additional deposit insurance coverage is sought by a depositor or on behalf of a depositor and additional information is needed by the FDIC to make a complete insurance determination.

7. Special Circumstances

The information collected does not present any special circumstances.

8. Consultation with Persons outside the FDIC

A notice seeking public comment for a 60-day period was published in the *Federal Register* on February 9, 2017 (82 FR 10004). No comments were received.

9. Payment or Gift to Respondents

None.

10. Confidentiality

The information will be kept private to the extent provided by law.

11. Information of a Sensitive Nature

The forms related to this information collection contain Personally Identifiable Information<sup>1</sup>, including name, address, telephone number, customer account number and/or social security number. This information is necessary to assist the FDIC in determining the amount of insured deposit coverage upon a financial institution's closure.

The Systems of Records Notice associated with this collection may be viewed at the following link:

<https://www.fdic.gov/regulations/laws/rules/2000-4000.html#fdic200030--64--0013>. The applicable Privacy Impact Assessment is available at <https://www.fdic.gov/about/privacy/assessments.html>.

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<sup>1</sup> The term "Personally Identifiable Information" refers to information which can be used to distinguish or trace an individual's identity, such as their name, social security number, biometric records, etc. alone, or when combined with other personal or identifying information which is linked or linkable to a specific individual, such as date and place of birth, mother's maiden name, etc.

12. Estimates of Hour Burden and Annualized Cost

<b>2017 Summary of Annual Burden and Internal Cost (3064-0143)</b>						
	Type of Burden	Estimated Number of Respondents	Estimated Time per Response	Frequency of Response	Total Estimated Annual Burden	Total Estimated Annual Internal Cost
<b>COMBINED DEPOSIT BROKERS AND INDIVIDUALS</b>						
7200/04 – Declaration for Government Deposit	Reporting	14	0.5	On Occasion	7	\$410
7200/05 – Declaration for Revocable Trust	Reporting	165	0.5	On Occasion	83	\$4,865
7200/06 – Declaration of Independent Activity	Reporting	0	0.5	On Occasion	0	\$0
7200/07 – Declaration of Independent Activity for Unincorporated Association	Reporting	0	0.5	On Occasion	0	\$0
7200/08 – Declaration for Joint Ownership Deposit	Reporting	0	0.5	On Occasion	0	\$0
7200/09 – Declaration for Testamentary Deposit	Reporting	21	0.5	On Occasion	11	\$645
7200/10 – Declaration for Defined Contribution Plan	Reporting	0	1.0	On Occasion	0	\$0
7200/11 - Declaration for IRA/KEOGH Deposit	Reporting	0	0.5	On Occasion	0	\$0
7200/12 – Declaration for Defined Benefit Plan	Reporting	0	1.0	On Occasion	0	\$0
7200/13 – Declaration of Custodian Deposit	Reporting	0	0.5	On Occasion	0	\$0
7200/14 – Declaration or Health and Welfare Plan	Reporting	12	1.0	On Occasion	12	\$703
7200/15 – Declaration for Plan and Trust	Reporting	0	0.5	On Occasion	0	\$0
7200/18 – Declaration for Irrevocable Trust	Reporting	0	0.5	On Occasion	0	\$0
7200/24 – Claimant Verification	Reporting	218	0.5	On Occasion	109	\$6,389
7200/26 – Depositor Interview Form	Reporting	198	0.5	On Occasion	99	\$5,802
<b>SUBTOTAL: COMBINED BROKERS AND INDIVIDUALS</b>		<b>628</b>			<b>321</b>	<b>\$18,814</b>
<b>DEPOSIT BROKERS ONLY</b>						
Deposit Broker Submission Checklist	Reporting	136	0.08	On Occasion	11.33	\$588
Diskette, following “Broker Input File Requirements” - burden will vary depending on the broker's number of brokered accounts						
	Reporting	102	0.750	On Occasion	76.5	\$3,966
	Reporting	34	5.0	On Occasion	170	\$8,813
Exhibit B, the standard agency agreement, or the non-standard agency agreement	Reporting	136	0.0167	On Occasion	2.27	\$118
<b>SUBTOTAL: DEPOSIT BROKERS ONLY</b>		<b>136</b>			<b>260.10</b>	<b>\$13,483</b>
<b>TOTAL HOURLY BURDEN AND INTERNAL COST</b>		<b>764</b>			<b>581.10</b>	<b>\$32,297</b>

An essential element of this collection is an electronic file from every broker that provides information about its customers and their accounts, including: each customer's name, address, tax identification number, ownership interest in the account, principal balance of the account and interest earned on the account. Deposit brokers maintain this information about their customers in the normal course of their business activities. Thus, the burden estimate is primarily the time required to format and report the information. The FDIC estimates that the time required to range from less than an hour for small, sub-tier brokers (about 75% of the 136 respondents) to 5 hours for a large, upper-tier broker (about 25% of the 136 respondents). Burden will vary depending on the number of failed institutions in a year and the characteristics of the failed institutions (e.g., how many brokered accounts were held at a failed institution).

- a. Estimated cost.<sup>2</sup> Forms 04, 05, 09, 14, 24, and 26 are those most likely to be filled out by a person in a paid capacity. The estimated cost for completing those forms is \$18,813.81.

Calculation:  $\$58.61 \times 321 \text{ hours} = \$18,813.81$ .

- b. Estimated cost limited to deposit brokers.<sup>3</sup> The FDIC estimates the annualized cost burden of this collection to be \$13,483.07.

Calculation:  $260.1 \text{ hours} \times 80\% \times \$58.61 / \text{hour} = \$12,195.57$  plus  $260.1 \text{ hours} \times 20\% \times \$24.75 / \text{hour} = \$1,287.50$ .

13. Capital, Start-up, Operating, and Maintenance Costs

None.

14. Estimated Annual Cost to Federal Government

None.

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<sup>2</sup> The hourly compensation estimate is based on published compensation rates for Financial Clerks (\$15.64) and Financial Specialists, All Other (\$37.03) in the depository credit intermediation sector. The estimate includes the December 2016 75th percentile hourly wage rate reported by the BLS, National Industry-Specific Occupational Employment and Wage Estimates. The reported hourly wage rate is adjusted for changes in the CPI-U between May 2015 and December 2016 (2.5 percent) and grossed up by 154.3 percent to account for non-monetary compensation as reported by the December 2016 Employer Costs for Employee Compensation Data. Therefore, the total estimated hourly compensation cost for covered institutions for Financial Clerks and Financial Specialists, All Other is \$24.75 and \$58.61, respectively.

<sup>3</sup> *Id.*

15. Reason for Change in Burden

There is no change in the method or substance of the collection. The 126 reduction in burden hours is a result of economic fluctuation. The number of respondents has decreased while the hours per response remain the same.

16. Publication

The information is not published.

17. Display of Expiration Date

Not applicable.

18. Exceptions to Certification

None.

B. STATISTICAL METHODS

Not applicable.